

E-01575A-15-0312



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Investigator: Jenny Gomez

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Opinion Date: 4/29/2016

Opinion Number: 2016 - 130344

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AZ CORP COMMISSION
DOCKET CONTROL
Arizona Corporation Commission**DOCKETED****MAY 06 2016**Company: Sulphur Springs Valley Electric Cooperative,
Inc.

Division: Electric

DOCKETED BY

Lainie Keltner

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Nature Of Opinion

Docket Number: E-01575A-15-0312

Docket Position: Against

Continued: Opinion No. 130343

RE: Sulphur Springs Valley Electric Cooperative (SSVEC Rate) Application Case, Docket E-01575A-15-0312 Dear Commissioners, I am a member of the Sulphur Springs Valley Electric Cooperative (SSVEC) and an existing distributed generation (DG) residential customer, so this rate case will directly impact me now and in the future. These higher-level comments are primarily based upon the SSVEC Rate Application Case, Docket E-01575A-15-0312, 18 March Direct Rate Design Testimony of ACC staff and the 22 April SSVEC Rebuttal: 1. I support the ACC staff recommendation that the export rates be updated on a recurring basis, but I recommend doing this on an annual basis. Currently the SSVEC kWh rate for positive net metering annual balances is recalculated annually under the supervision of the ACC and the export rate in the ACC staff proposal could involve many if not all of the same factors. In addition, the SSVEC rebuttal proposed using the criteria of known, measurable, and of a continuing nature for its export rate calculations. With the ongoing changes in the utility industry, there could be new/changed factors that meet the proposed SSVEC criteria on an annual basis. 2. As for the export rate calculation, I recommend the ACC should support the goal that those who caused a benefit should reap the cost savings of the benefit with ACC oversight of the process. The ACC staff has recommended the use of an export rate to value DG generated power. In the SSVEC rebuttal a series of Energy Freedom Coalition of America (EFCA) recommended DG saving were listed for the export rate, which SSVEC rejected in most cases based upon the SSVEC proposed export rate criteria of known, measurable, and of a continuing nature. It was encouraging to see that SSVEC did not reject electricity generation and transmission (G&T) DG savings out of hand, because SSVEC representatives have stated that SSVEC is only a power distribution utility, so they should not count G&T savings in their export rate DG savings calculations. DG savings to SSVEC of any sort should be included in the export rate calculations. Consequently, for the reasons stated above, I recommend the ACC create strong, thorough ACC oversight procedures for the export rate setting process that include SSVEC member participation, if feasible, to help ensure DG savings throughout the grid are passed on to the DG customers in some manner. In addition, in their rebuttal SSVEC recommended the export rate be set at the SSVEC avoided cost. I disagree with the SSVEC rebuttal and recommend the ACC support the ACC staff testimony position that the "price floor for DG should be valued at Avoided Cost and the price ceiling for DG should be its currently valued rate, the retail rate. Staff is left with determining an export rate for DG somewhere between avoided cost and the retail rate." The ACC has created ACC Investigation of Value and Cost of DG, Docket E-00000J-14-0023, where the cost-benefits of DG will be determined, so use this docket's findings as a basis for the ACC staff to determine the initial SSVEC export rate and as the basis for the annual export

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rate update recommended in the previous paragraph. The findings of Docket E-00000J-14-0023 are a snapshot in time. The ACC staff should also be tasked with updating these findings, so that new and/or enhanced current DG cost-benefit factors can be added to the export rate calculation process. Sincerely,
Ingeborg Scheumann 4024 S Paiute Way, Sierra Vista, AZ 85650

Date:	Analyst:	Investigation	
		Submitted By:	Type:
4/29/2016	Jenny Gomez	Telephone	Investigation

Noted and filed for the record in Docket Control.
